

AUDIT REPORT 18'017

CALA RESIDENTIAL CENTRE

EXECUTIVE SUMMARY

A review was undertaken of Moray Council's sole Residential Care Home as part of the annual audit coverage of Education and Social Care services. Cala Residential Care Home became registered with the Care Inspectorate in December 2015 and consists of purpose-built residential accommodation for up to six children and young people aged 11 years and over. Prior to the opening of Cala, young persons with such needs had to be accommodated as out of area placements. This is the first internal audit review of the facility.

The study has covered areas such as budget management, control of staffing costs, a review of procurement practices and examination of the establishment's administration and accountability for monies and other assets.

This audit work has focused on the 2017/18 financial year and in terms of financial scale, the home had an operational budget of £944,000 for the year, 91% of which relates to staffing costs for the facility.

The main findings from the audit are as follows:-

- Extensive use is made of purchasing cards by establishment employees due to the need for immediate and 'in person' transactions inherent in the operation of a 24/7 facility. The Authority's Purchasing card guidelines require all transactions over £10 in value to be authorised by budget managers but this is not being undertaken. While individually this transaction value is low, card payments in the test month totalled some £3,400, hence the need for budget manager participation in the authorisation process.
- Also relating to the sample audit testing of purchasing card transactions, instances were identified where no supporting receipt could be located or where the receipt submitted did not provide adequate detail to verify the expenditure incurred. In some cases, the receipt was not in the required format in order for the Authority to reclaim VAT on the transaction.
- A system for recording a chronology of events within residential childcare has been installed and piloted without following standard Council procedures of ICT and Procurement involvement. Following a free trial period, the system is now being paid for from month to month. There is a need for a system of this type to be available on an ongoing basis, and a formalised contract agreement needs to be put in place.

A number of lower risk findings have also been reported for management attention in relation to issues such as employment terminations, petty cash, pocket money and inventory control.

Moray Council

Internal Audit Section

Recommendations: Cala Residential Centre

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Robust processes are in place to ensure expenditure is incurred through proper procurement channels, authorised and validated as appropriate.						
5.1	All purchasing card transactions over £10 must be scrutinised and authorised by the budget manager, on a prompt basis.	High	Yes	New admin support is in place who will log all transactions for the manager / in-absence authoriser to authorise on a weekly basis.	Residential Manager	31/07/2018

Moray Council

Internal Audit Section

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.2	For all purchasing card transactions incurred, an appropriate receipt should be available to support the transaction. This process may be assisted by the further investigation of attaching receipts electronically within the purchasing card system. Where the transaction is vatable, a valid VAT receipt must be submitted in order for the Authority to reclaim the VAT element.	High	Yes	Once the new manager is in post, scanning of receipts will be considered. Emphasis on the need for receipts will be discussed at Team Meetings and the new manager will liaise with the Payments Section to obtain advice on purchasing card administration.	Residential Manager	31/07/2018

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.3	The specification of requirements for the database recording system should be progressed at an early date in order to allow tender documents to be prepared and a formalised contract put in place for the supply.	Medium	Yes	Specification is currently with Legal Services, ICT & Procurement for comment before completion of contract.	Strategy Manager	30/06/2018

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Key Control: Petty Cash funds are administered properly, used for their intended purpose and transactions are supported by receipts.						
5.4	Petty Cash vouchers completed in absence of a supporting receipt should be signed by the employee who is verifying appropriate application of the funds.	Low	Yes	Residential Senior / Manager to follow up any vouchers without receipts and raise via supervision.	Residential Manager	31/08/2018

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Pocket money is controlled and accounted for appropriately						
5.5	The revised pocket money rates, dependent on age, should be paid to the young persons resident in the home.	Low	Yes	Pocket money rates have been agreed and will be implemented	Residential Manager	31/08/2018
5.6	In order to improve transparency, a summary record of reparations income and expenditure needs to be maintained and regularly reconciled to the physical cash held.	Low	Implemented	A system has been established to ensure reparation money is fully accounted for.	Residential Manager	

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Valuable and sensitive items held are adequately safeguarded with access limited to appropriate personnel.						
5.7	A checklist template should be prepared for use in evidencing the withdrawal of all aspects of physical and system access in the event of an individual's termination of employment at Cala.	Low	Implemented	Checklist is now in place.	Residential Manager	
Key Control: Listings of equipment held by the establishment are kept up-to-date and secure with physical items appropriately identified.						
5.8	The inventory listings should be reviewed to ensure all areas of the building and its relevant contents are included on the record.	Low	Implemented	Office inventory has now been added to the existing list.	Residential Manager	